

loss against Michigan State veteran senior players like this, he said, "You have every reason to be proud of yourselves. You lost to a better team. Let this be a tremendous motivating experience for you."

I would like to encourage all Gator fans to attend the celebration at 7:00 p.m. Thursday night at the O'Connell Center at the University of Florida campus in Gainesville to pay tribute to this fine team. They deserve all the cheers and hurrahs they can get for their remarkable record-setting season, and we in Florida always look forward to saying there will be a next year. Go Gators.

#### BALANCING THE FEDERAL BUDGET AND PAYING DOWN THE FEDERAL DEBT

The SPEAKER pro tempore (Mr. HOBSON). Under the Speaker's announced policy of January 6, 1999, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes as the designee of the majority leader.

Mr. SMITH of Michigan. Mr. Speaker, I ask everybody to sort of hold on to their hats and prepare for a presentation that could be a little boring but very important to everybody's future, to the future of our kids, to the future of our retirees that have already turned past 62 or 65 and maybe gone on Social Security, because what we do in this budget is going to make the decision whether or not future generations have to pay huge amounts of tax to pay for our overspending in this generation, and it is also going to determine whether existing seniors might have their Social Security and Medicare coverage reduced because of the unwillingness of the President and this Congress to face up to some tough decisions on keeping these programs solvent.

Let me start out with what is happening to our Federal budget. Our Federal budget this year is \$1.8 trillion. The debt that we have accumulated so far that we are passing on to our kids now amounts to \$5.7 trillion. That compares to \$1.8 trillion total annual spending.

Who is going to pay back this debt? It looks like every man, woman, and child in the United States owes now approximately \$20,000 to accommodate the debt that has been run up in this country.

Congress has a tendency, a propensity, to spend because usually it is to the political advantage of Members of Congress, it is to the political advantage of the President, to increase spending, to do more things to more people. So, therefore, when taxes became a negative because people did not want to pay their taxes, we started borrowing money. We have kept borrowing money.

Now, for the first time we are starting to reverse that course. Last year we had a balanced budget for the first time in 40 years. This year is going to

be a truly balanced budget, and we are going to start paying down the approximately \$3.6 trillion that is owed to Wall Street.

Let me go back to the total public debt, \$5.7 trillion. Of that \$5.7 trillion, \$3.6 trillion is what we borrow from insurance companies, from banks, from investors, all the Treasury bills that you, I, investment firms, retirement firms decide to buy Treasury bills for. That is \$3.6 trillion.

Then we owe approximately \$1 trillion to the Social Security, Social Security money that over the years we borrowed and used it for other government spending. Then the rest is what we owe the other 112 trust funds that we have in government.

Look at this chart just a second. This is where we are going on reducing the on-budget surplus. The on-budget surplus was a negative and for the first time ever there is going to be a real on-budget surplus. That means over and above Social Security, over and above the rest of the trust funds, we are going to have a real actual surplus and start having a total reduction in the Federal debt.

I think one area that has not been covered as much as it needs to be covered is government waste. If you divide up the \$1.8 trillion that we are spending every year by the 435 Members of the House, 100 members over in the Senate, there still is not enough people in government to keep track of all of that spending.

So what we have found and what we are starting to dig into on the Committee on the Budget is to try to identify some of the significant waste in Federal Government, and believe me there is a lot of waste. Our General Accounting Office now claims that five agencies are not capable of auditing because they do not keep good books.

I would like to call on a colleague that has been active in budget issues. We also share two other committees. We are both on the Committee on Science; we are both on the Committee on Agriculture. The gentleman from Minnesota (Mr. GUTKNECHT) has been one of the dedicated individuals looking at, and excuse the word, frugality in government spending, trying to be respectful of the tax dollars that Americans send in for this Chamber to spend.

Mr. GUTKNECHT. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Michigan. I yield to the gentleman from Minnesota.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman from Michigan (Mr. SMITH) for yielding.

Mr. Speaker, I must first of all apologize. I made the gentleman from Michigan agree not to talk about what happened in last night's basketball game; but I am willing to at least allow him 2 or 3 minutes to talk about it because I am a huge basketball fan myself, particularly college basketball, and I predicted early in the season that if Mateen Cleaves came back in full

health and strength that they clearly were the most powerful basketball team that I saw play. And I watched them play four or five, maybe six, seven times on television. So I would yield back to the gentleman from Michigan for a little bragging.

Mr. SMITH of Michigan. Mr. Speaker, I thank the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. Speaker, anybody that would like to walk down the third floor corridor of the Cannon Building next to room 306, several of my staff are also from Michigan State. We have a Michigan State banner out there. Michigan State played an exceptional game. The Gators were good, but Michigan State prevailed. Congratulations, Michigan State Spartans.

Mr. GUTKNECHT. Mr. Speaker, I have to say, being a Big Ten fan from Minnesota, having had a chance to watch them all year, they were not just a great basketball team but they were a great group of young men and really demonstrated what college athletics is all about, and that is pursuing excellence and they did it at every level. They clearly were the best team in the NCAA tournament.

There were a lot of great teams. I congratulate the gentleman and all the Michigan State fans, particularly the players and coaches.

Mr. SMITH of Michigan. Mr. Speaker, it is a good lesson for us. It is a good lesson for Congress. If we have the will, if we have the fight, if we have the intelligence and if we have the heart, we can do anything we want to and in this case on the budget what we should be doing is making sure that we do not pass on a huge debt to our kids and our grandkids.

We are from farming communities. I am a farmer. It is our tradition that we try to pay down the mortgage; but in this government, what we have been doing is adding to the mortgage that we are going to pass on to our kids; and that is part of our discussion tonight.

Mr. GUTKNECHT. Well, pursuing that analogy, and comparing the youngsters who played for Michigan State Spartans and won the national championship, I think there are parallels. Essentially, a number of years ago they set a goal. It was a big goal, and I suspect at the time they decided that one day they were going to win the national championship, if they would have talked about that too much publicly a lot of people would have laughed up their sleeves.

I remember 6 years ago we had an election in this country in 1994, and that is when I and 73 of my colleagues came as freshmen Members of this Congress and changed the leadership of this Congress. For many years, the Congress just, as a matter of fact procedure, would raise the debt ceiling and spend more money than they took in. Some of us decided back in 1994 that we were going to run for Congress to make a difference, and that the idea of leaving our kids a debt which they could never pay was just unthinkable.

Coming from a farming background, the history of this country and part of the American dream was that one would pay off the mortgage and leave their kids the farm. What we had been doing as a country and what the Congress was doing year after year after year was in effect they were selling the farm and leaving our kids a bigger mortgage.

We reached a point, Mr. Speaker, and we need to go back to where we were in 1994. We were quickly reaching a point where interest on the national debt was going to be the largest single entry in the Federal budget. We were going to be spending more for interest on the debt than we were going to be spending for all of national defense.

Mr. SMITH of Michigan. Just statistically, we brought down the interest on the national debt from about 18 percent of the total budget down to approximately 13 percent of the total budget. So we are on the right track.

Mr. GUTKNECHT. We are making enormous progress. Going back to this analogy about setting big goals, when we came to town in 1994 a lot of people in this town said we could not balance the budget; we will be lucky if we can just reduce the projected deficit. They were projecting deficits, and if anybody wants to check on this we will send them the information because the Congressional Budget Office, after the President submitted his budget early in 1995, they said we were looking at deficits of \$240 billion to \$250 billion every year well into the future for; as far as the eye could see, we were looking at \$200 billion deficits as far as the eye could see.

Mr. SMITH of Michigan. Not only \$200 billion but \$200 billion plus what we were borrowing from Social Security, because they were talking about a total everything in, everything out at that time.

Mr. GUTKNECHT. So literally we were talking about deficits of over \$300 billion. Actually, we are looking at deficits of over \$350 billion in real terms. That is how much we were borrowing from the taxpayers and from Social Security. And people in this town said, well, we cannot balance the budget. Some of us said, and I will never forget, one of the real, I think, prophets of all of this was Congressman Mark Neumann who came with me, served on the Committee on the Budget and he was one of the first to say, just listen, if we just simply slow the rate of growth in Federal spending to roughly the inflation rate we cannot only balance the budget in less than 7 years, we can begin a process of actually paying down the debt that is held by the public.

Talk about big goals, talk about ridiculous dreams. A lot of people in this town said we could do that. Then we went further, though, and if we remember one of the other things we said not only are we going to dramatically slow the rate of growth in Federal spending, not only are we going to eliminate over

400 Federal programs, not only are we going to try to consolidate some of those Federal programs, we are going to go one step further. We are going to allow Americans to keep more of what they earn and the earnings they get on their investments.

For example, we said we are going to take the capital gains tax rate and we are going to cut it by over a third. We are going to cut it down to 20 percent. The cat calls that came from the galleries on the House floor said we were going to blow a hole in the budget. That is risky tax scheme number one, and we have heard that every year. We did lower the tax on capital gains. Guess what? We actually raised more revenue.

We also said it is wrong to make families continue to pay more and more and more, and we said we ought to give families a little bit of a break. Let us have a \$500 per child tax credit. Again, the calls of risky tax scheme and this will blow a hole in the budget, then came choruses down upon us and they said, wait a second, you are going to balance the budget while you are giving tax relief to the American people? It cannot be done.

Well, it can be done and it has been done.

Mr. SMITH of Michigan. Well, add to that these other issues of tax fairness, I mean how do we have a Tax Code that is fair enough that people respect the government enough to fill out their income taxes in the best possible way?

So a couple issues that we brought up this year is the so-called marriage penalty tax where government actually have a policy, the way they implement their taxes, that those individuals that are working that are not married end up paying less tax than if they were to get married. So we not only have young couples that are encouraged by the Tax Code not to get married because they end up being penalized by the Federal Government, but there are seniors in my area of Michigan that question whether they should be married or just rather live together simply because their taxes would be less. We have passed that bill now through the House. We hope it is going to move on. We hope the President will reconsider and sign that legislation. Add to that the legislation that we passed in terms of doing away with the penalty on seniors that decide to keep working.

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So we have lifted the earning limits on seniors that decide that they want to keep earning because they want some additional income, or they want to pass additional income on to their kids and grandkids.

But right now we discourage them from working, from continuing to work and pay taxes, simply by penalizing and taking away part or all of their Social Security benefits. Now we have moved ahead with those changes.

So I think tax fairness has got to be part of the debate. We have got to

make sure we are going to pay down the debt, because that is the biggest challenge that we have in a Congress that has found it to their advantage to spend more.

Mr. Speaker, I yield to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman for yielding to me. That is sort of where we were. We were at this mind-set that, A, we cannot control spending; and, B, we cannot allow Americans to keep more of what they earn. We certainly cannot balance the budget while we are doing those two things.

We have proven that, over the last several years, that those things can be done and, more importantly, that if we give Americans, business people, farmers, average Americans, if we give them the right incentives, they will do the right things.

Unfortunately, and I say this back in my district, the unwritten rule of Washington for so many years was no good deed goes unpunished. If one works, one gets punished. If one invests, one gets punished. If one saves, one gets punished. If one creates jobs, one gets punished.

Look, the gentleman from Michigan (Mr. SMITH) was just talking about the marriage penalty tax. I mean, how ludicrous, the fact that 21 million American couples in the United States are paying an average penalty of over \$1,200; in fact I think it works out to about \$1,400. The latest calculations, we have got 21 million American couples paying a penalty of \$1,400 in extra taxes just because they are married. That is not just bad tax policy. It is not just bad family policy. It is fundamentally immoral.

Much of what we are talking about, whether it is transferring the debt on to our children and grandchildren or whether it is taxing married couples more than they would be taxed if they lived together without the benefit of marriage or whether we are talking about a confiscatory tax on inheritance taxes, death taxes, I mean these are not just tax issues. They are really issues about fundamental morality.

Mr. SMITH of Michigan. Morality, Mr. Speaker, that is right.

What I would like to do with the gentleman from Minnesota (Mr. GUTKNECHT) is play a little game here. I have come up with some specific items that are wasteful government spending, fraud, abuse, waste in government. Maybe we will just take turns. I will come up with one, then the gentleman from Minnesota can come up with one. Then I will come up with one. This will just give the listeners, Mr. Speaker, some idea of the tremendous waste that happens when we have a bureaucracy that is so huge, that is so gigantic, so big.

Mr. GUTKNECHT. Mr. Speaker, will the gentleman yield just for a moment to sort of set this up?

Mr. SMITH of Michigan. I yield to the gentleman from Minnesota.

Mr. GUTKNECHT. Mr. Speaker, now we are at a point where our colleagues are once again saying it cannot be done, we cannot limit the growth in Federal spending. I am going to come back to a chart that the gentleman from Michigan has got up right now.

Mr. SMITH of Michigan. If the cameras can focus on this chart.

Mr. GUTKNECHT. Mr. Speaker, it tells a wonderful story. It is a story that I do not think most Americans understand or realize or even believe.

I started telling the story last year. I was out in front of a group, and I am telling them about, for the first time, we are actually balancing the budget, we are paying down debt, and we are going to provide them some tax relief while we are strengthening Social Security. They all looked at me and said, yeah, right. I thought about it for a minute; and if I had been them, I would not believe it either because it is sometimes hard to believe. But let me give my colleagues a couple of statistics.

Mr. SMITH of Michigan. Mr. Speaker, I would like to call to the Speaker's attention and everybody's attention that this actually is a chart developed by the gentleman from Minnesota.

Mr. Speaker, I yield to the gentleman from Minnesota.

Mr. GUTKNECHT. Mr. Speaker, if people listening to this discussion tonight will remember only a couple of numbers, I hope they will remember these: in fiscal year 2000, which we are currently in right now, the Federal Government will spend \$1,780 billion. All right. What we are proposing next year under the House resolution which we passed a week and a half ago, we are proposing to spend \$1,820 billion. That is total Federal spending.

Sometimes this gets confused with domestic, discretionary, and entitlement spending and mandatory spending; and there are a lot of different categories. But in total spending, let us look at it this way: last year we are spending \$1,780 billion. Next year we are going to spend \$1,820 billion. What that works out to is a 2.2 percent increase in total Federal spending.

Now, as that chart demonstrates, as my colleagues look at our projected spending over the next 5 years, we are talking about total Federal spending increases of about 2.9 percent per year. Now, the Bureau of Labor Statistics, as it says on the chart, projects that the average family budget over the next 5 years is going to go up 4.6 percent.

So literally for the first time I think in my adult lifetime, we are looking at Federal budgets that are going to grow at slower rates than the average family budget. That means that, gradually, we are allowing families and the American economy to sort of catch up. That is a wonderful thing because we know that, if we allow families to keep more of what they earn, they will spend it a whole lot smarter than the people in Washington will spend it on their behalves.

That is where it gets back to this discussion about waste, fraud and abuse. I

wanted to set this up because there are people already saying, well, we cannot limit the growth in Federal spending to only 2.2 percent next year and 2.9 percent over the next 5 years. That cannot be done. Well, the truth of the matter is it can be done. It must be done.

If we begin to do our work as Members of Congress, whether we are on the Committee on Budget, the Committee on Appropriations, or on any of the policy committees, and we begin to actually get inside the Federal budget, do the oversight responsibility that the American people expect us to do, we are going to find a whole lot of waste, fraud, and abuse.

Just finally to say this, we asked the General Accounting Office and the Congressional Budget Office as well as staffers from the House Committee on Budget to do, really, a relatively quick research of some of the waste that is in the Federal Government today. After their very short review, they came up with over \$19 billion.

Now in Washington, we kind of let millions of dollars sort of fall off the table, but a billion dollars gets our attention. So in their very quick study, we came up with over \$19 billion worth of waste. We are going to talk about some of those examples.

Mr. SMITH of Michigan. Okay. Here is some of them. What we are going to do with the gentleman from Minnesota, first Michigan will come up with a waste-in-government example. Then we will pass it to the gentleman from Minnesota. We will go back and forth a few times.

Number one, the National Park Service spent \$1 million to build an out-house at Glacier National Park in Montana. It is 6.5 miles from the nearest road, a climb of 700 feet. It took hundreds of horse trips and more than 800 helicopter drops to get the construction materials to the site. Amazingly, it is adjacent to two privately operated chalets which taxpayers recently paid \$3 million to renovate. It is one example of waste, fraud, and abuse.

Mr. Speaker, I yield to the gentleman from Minnesota.

Mr. GUTKNECHT. Well, Mr. Speaker, another example that was in the GAO audit that talked about, once again, the Defense Department, we have heard about hundred-dollar hammers, well, they had an example where the Department of Defense was spending over \$50 for set screws which one can buy at the local hardware store for 57 cents. It happens even today.

Mr. SMITH of Michigan. Mr. Speaker, in Lansdown, Pennsylvania, when dozens of homeowners learned that their homes built in the 1920s had been constructed using materials contaminated by radioactive radium and thorium, the EPA got to work decontaminating some properties and demolishing others. Some residents wanted to stay.

So rather than pay market value for contaminated homes, the EPA agreed to build replicas for the homeowners.

In order to do that, the EPA constructed 10 custom homes at a total cost of \$6.5 million. That is for 10 homes. One modest home valued at \$141,000 was demolished and replaced with a customized replica at the cost of \$422,000. Another house valued at \$161,000 was replaced with a replica costing almost a million dollars.

It is a government that, when it does not come out of one's own pocket, when one is simply there spending some other people's money, one is more generous. In fact, probably when we negotiate with many of these contractors, the contractors are willing to stay there all night getting the best deal. Government employees too often want to go home at 5 o'clock, so they close the deal, and it is the taxpayers that usually suffer.

Mr. Speaker, I yield to the gentleman from Minnesota.

Mr. GUTKNECHT. Mr. Speaker, this really runs across every department. We are not going to pick on just one program or one department. But in 1997, the Education Department paid 102,000 students Pell Grants totalling \$109 million in overpayments. The audit also found that 1,200 students falsely claimed veteran status to increase their eligibility to the program, that costing taxpayers an additional 41.9 million.

Let me just add about the Department of Education, and I think every taxpayer should be outraged by this, and we in Congress are not doing our job in terms of oversight, because for the second year in a row, we have a \$37 billion agency who, according to our own auditing team, the General Accounting Office, says that their books are "unauditable." Now, could my colleagues imagine a corporation of any size, particularly a \$37 billion corporation, where, for 2 years in a row, their books were unauditable.

Mr. SMITH of Michigan. Mr. Speaker, that same report said that the agencies were unable to account for over \$800 billion, unable to account for \$800 billion in government assets.

Mr. KINGSTON. Mr. Speaker, will the gentleman will yield?

Mr. SMITH of Michigan. Certainly. I yield to the gentleman from Georgia.

Mr. KINGSTON. Mr. Speaker, the biggest problem we are up against really I think is this unaccountability. The fact that they cannot be audited is typical. But beyond that what we are saying is private businesses and mom and dad back home know where every penny is because they work hard to earn it. Government thinks it comes from the sky.

An example of waste that this Republican conference actually has corrected now was that the supplemental security income, it pays people of disability kind of a little sustenance, but we were paying it, the Department of Justice was paying it to people who were in prison.

Now, one is not supposed to be eligible if one is in prison. So to determine

if one was eligible or not, what did the Gore-Clinton team do? They left it up to the convicted criminals who were already in jail. So they are supposed to say, hey, I am in jail for 30 years, you all are sending me this check. But do you know what, I am going to send this back to you because Al Gore told me this is the right thing to do.

It is absurd. But this is the culture we are up against.

Mr. SMITH of Michigan. Mr. Speaker, it is the kind of testimony we heard in the Committee on the Budget where individuals that were receiving a check from SSI, supplemental security income, that were alcoholics or addicted, the check had to go to a third party. What we found out in testimony that, often, the third party was the bartender. So it should make us very nervous as to the way we spend taxpayer dollars.

Our Committee on the Budget is looking into some fraud, waste, and abuse. We are looking into the kind of oversight that Congress has got to be more diligent of.

I will read one more on the Pentagon. We want a strong military; but here again, a tremendous amount of waste in the Pentagon. The Pentagon had to report as missing two \$4 million aircraft engines, two of them that they could not find; \$850,000 tugboats; and a \$1 million missile launcher. When the GAO auditor was there, they could not find them. They did not know where they were.

Somehow we have got to do a more diligent job of protecting taxpayer dollars. Part of that I think that is a huge, giant step forward is the decision that we made a year and a half ago not to spend any of the Social Security surplus for other government programs. That is a very good start that moves us down the road of making some of the decisions to make sure that we save and protect Social Security.

Mr. Speaker, I yield to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Speaker, I am going to have to leave. I will leave it to the gentleman from Michigan (Mr. SMITH) and the gentleman from Georgia (Mr. KINGSTON). But I just want to say that we are going to continue to hear these shrill calls from some of our colleagues that we cannot balance the budget, we cannot save Social Security, we cannot strengthen Medicare, we cannot pay down debt and provide tax relief for American families. It simply is not true. The reason is, there is still an enormous amount of waste and mismanagement.

They will say and they have said and will continue to say that it is a risky scheme to allow American families, American business people, American farmers, American couples to keep more of their own money. Well, I submit that it is a risky scheme to allow government to keep more of that money because we know what government will do.

The real issue is this: we know that individuals are much more careful about how they spend their own money than how people spend somebody else's money. Now, we have a responsibility, and I think we have done a pretty good job up to this point, but there is still a whole lot of waste, of fat, of misappropriation of money here in the Federal Government.

If we continue to apply the kind of oversight on the Federal budget and among the departments and continue to try and ring out that fat, I think that most Americans, most people beyond the Beltway believe that we could easily take another 10 percent out of the Federal budget today without anybody really feeling the pain.

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There is an awful lot of waste in this Federal budget. So we need to continue.

And I want to thank the gentleman for having this special order. There are lots of examples. We should be doing this every week to call to the attention of our colleagues and to the American people that there is an awful lot of waste still in the Federal budget and that we can, with proper oversight and doing the job that the American people sent us here to do, we can balance the budget, we can pay down debt, we can strengthen Social Security and Medicare, we can do all of that and provide tax relief, if we continue to squeeze more of that fat and waste out of the Federal budget.

I think these special orders are a giant step in that direction. So I congratulate my colleague from Michigan. We continue to set big dreams and big goals, but I think if we work together we can make those dreams become reality.

Mr. SMITH of Michigan. I thank the gentleman from Minnesota, Mr. Speaker. It is going to be a challenge.

I think, Mr. Speaker, everybody should know the controversy that we are now talking about in terms of whether or not we get some of this surplus money out of town. The surpluses coming in are significant. There is going to be an anticipated surplus of \$26 billion this current fiscal year for on budget; an estimated surplus this year of \$153 billion in the Social Security Trust Fund.

The challenge has always been what do we do with that money. Some of us are saying we should be paying down the debt; some say we should have a bigger tax increase. But the challenge is, and there is no question in my mind after looking at what has happened in the debate between Democrats and Republicans over the last couple of months, that if we do not get some of that money locked up, then it will be spent. That is the danger.

I yield to the gentleman from Georgia, Mr. Speaker.

Mr. KINGSTON. Mr. Speaker, I think the gentleman from Michigan made

two very important points. Number one, many of us came to town to cut spending and put some common sense back into our spending process, and yet it seems like the government is always fighting us and resistant on that. It is a little disappointing, though, just at large, outside of Washington, that now we have a surplus and everybody wants to spend it rather than return it to the taxpayers.

I think about the middle class taxpayers I see every Monday and Friday back home in the car pool line. These are people who drive two or three extra blocks if they can save 2 cents a gallon on gas that they pump themselves. These are people who do not buy new clothes unless the clothes are on sale. My daughter has a big senior prom coming up, and she tried on three dresses the other day and asked me which one was the prettiest. Well, they all looked pretty on her, but I wanted to know which one was the cheapest. As a 16 year old, that was not her highest priority, but I have three other kids I have to allocate things for.

And that is the problem with the government. They are always into aesthetic; what is the nicest. They do not ever ask the other question; what is the cheapest.

Americans buy shoes. I like to jog, and I need to jog more, but I can always buy the cheapest shoes when they are discontinued. And they are just as good, but it is last year's model. And if Americans go through that all over this country, why can we not do that in this little tiny area that we call Washington, D.C.?

Another troubling thing is that we, as Americans, do not lose our money. But, and just as an example, the IRS only collects 11 percent of over \$222 billion which is delinquent. That is \$222 billion. That would pay for a tax reduction. That would pay for a new school program. That would pay for all kinds of other things that could be very helpful for people.

The U.S. Marshals Service was unable to locate 2,776 pieces of property worth over \$3.5 million. That was according to the suspicion audit in 1997. In addition, the agency's inventory contained nearly 5,070 different items valued at over \$4 million that were unused.

Now, imagine going out and buying something that you keep in your garage and saying, listen I have so many things I cannot even use but I bought them because the money was appropriated to me. That is ridiculous. And the examples just go on and on and on.

Mr. SMITH of Michigan. Well, I have a couple more in front of me. Approximately 26,000 deceased persons received \$8.5 million in food stamps, and that was another GAO finding.

Mr. KINGSTON. If they were the Democrat dead, particularly in the Chicago area, they were probably still voting, so maybe they should be getting entitlements.

Mr. SMITH of Michigan. Here is another one. SSI fraud exceeds \$1 billion

a year, including a convicted murderer, who received more than \$75,000 in SSI disability during his 14 years on death row.

Look, we can give lots of examples, and we need to dig into it more, but part of the danger that I see is the bureaucracy, number one, has gotten so big. The oversight of the legislative branch over the administrative branch is diminishing as we put more of our spending programs on automatic pilot. The entitlement programs.

The two financial challenges facing this Congress are certainly Medicaid-Medicare and Social Security. They are not solvent over the next several years. The Social Security Administration and the Medicare actuaries and trustees just gave a report this past week. They suggest because of good economic times there is going to be a little extra money coming in in the short run.

But I would just like to stress that because the benefits that will eventually come to those people that are earning money, because benefits are based on how much our earnings are, that means that the outgo from Social Security eventually is going to be greater. So the economy, without structural changes in the program, is not going to keep the program solvent. That is the challenge.

One of the disappointing things to me in my last couple of years has been the unwillingness of the President to give some leadership to some of the tough decisions. And I would just like to make it very clear on Social Security and Medicare that the longer we put off the solution, the more drastic those changes are going to have to be.

So I say to young people, Mr. Speaker, it is their future at risk and their taxes at risk. And if we do not make those changes, then within 40 years the estimate is that payroll tax, what is taken out of every dollar earned, in addition to the income tax and everything, the FICA tax, the payroll tax, is going to grow from the existing 15 percent up to 40 percent.

And let me just call to the attention of the seniors what the government did in 1997, what it did in 1987, and again in 1983, when they were short of funds in those programs. They reduced benefits and increased taxes.

I yield to the gentleman from Georgia.

Mr. KINGSTON. What is disappointing, as much work as the gentleman has done on Social Security, and many people have, last year, in 1998 that is, the Social Security Administration spent erroneously \$3.3 billion in supplemental Social Security income overpayments, \$3.3 billion to people that were not eligible for the money. I would like to think my grandmother's money is going to be spent out very carefully and guarded very carefully, yet they squandered \$3.3 billion of it.

On this subject, what I want to say I am disappointed about is that I served in the State legislature, and there were

always issues where there were Democrats versus Republicans and urban versus rural. It was kind of like Atlanta versus the rest of the State. Many issues fell along party lines or geographical lines, but still we came together on other issues that were central to the well-being of the State of Georgia, like education or health care.

I assumed, naively, when I came to Washington, that we would have a few issues that, obviously, we could have real philosophical debates on, and then just basically partisan-based debates. And that is part of politics. But what I did not know is that even the more sacred issues, such as Social Security, such as defense, such as Medicare, would become partisan. And this is totally contrary to what I believe American seniors want.

There is nothing partisan about somebody on a fixed income in their golden years who needs health care. Nothing partisan about that whatsoever. Yet here it does seem like it is often the President trying to get one up on Congress in order to embarrass us. Yet, I think our attitude has always been, look, we want to work to solve these problems. We do not want partisan politics over Social Security. It is too important.

Mr. SMITH of Michigan. Mr. Speaker, one of the people on the firing line, on the front line on Social Security, has been the gentleman from South Carolina (Mr. SANFORD), and the gentleman has joined us and I yield to the him.

Mr. SANFORD. I thank the gentleman, Mr. Speaker, and I just wanted to add my two cents.

I was hearing a very interesting conversation really built around one simple thought, and the simple thought that I heard both gentlemen talking about was if the money stays in Washington we will find a way of spending it. So what I think is interesting is one of the latest things we have been working on on the Social Security front, and again the gentleman from Michigan is a co-sponsor of this bill, is a simple idea called the personal lockbox bill.

Republicans in the last session of this Congress passed the idea of a lockbox, of really locking down Social Security surpluses. Because the first part of saving Social Security is making sure that social security taxes stay with Social Security. Not enough to fix it, not nearly enough as, for instance, what the gentleman's plan does with Social Security, again, we have to go a lot further than this down the road to truly save Social Security, but a very modest first step is simply making sure that social security taxes stay with Social Security.

Presently Congress can be endlessly creative in emergency spending and a lot of other designations and basically peeling the lid off the lockbox and finding ways to reach in. So this bill says the one thing that in the long run will protect Social Security surpluses is the

simple idea of private property rights. So this bill would take the Social Security surplus, whatever that happens to be, and simply rebate it back to the people paying social security taxes. Not to go out and fix up the car or buy a refrigerator with, but instead to go into their own personal Social Security savings accounts that would be held by a fiduciary.

Mr. SMITH of Michigan. So, in effect, it is almost like a tax cut. Because it is saying, look, here is some of the tax money sent to Washington. We will send some of it back. It goes into a personal savings account where the individual will have control; where if that person dies, unlike Social Security and they do not get anything, this is part of the estate.

Mr. SANFORD. And what is interesting is, not unlimited control. A lot of people rightfully are concerned about will Social Security money be there when they retire. This money would be held by a fiduciary so individuals could not get their hands on the money until they turned 65, but they would at least get a monthly statement and know to the penny how much money was in the account. By doing that, I think for the first time we would be creating a fire wall between Social Security money and political forces in D.C.

To give my colleagues an idea of how this would work, last year, through the unified budget, Washington borrowed \$100 billion from Social Security. It was replaced with nonnegotiable U.S. treasuries, as we both know. Now, that cushion of \$100 billion went to additional spending. If that same \$100 billion had been housed in personal Social Security accounts across this country, and Washington bureaucrats overspent to the tune of \$100 billion, then said, Look, we are going to need to borrow some Social Security money. Imagine they said to the gentleman from Michigan, You are a great patriot. Your share of our overspending will be \$473.27. Would you mind cutting a check out of your personal Social Security account back home and sending it to Washington? I can only imagine the reaction of the gentleman, as I can imagine the reaction of a lot of other folks.

So the gentleman is exactly right. In other words, this is, A, like a tax cut in that it gets the money out of town; but, B, it is in an awfully safe place out of our hands.

Mr. SMITH of Michigan. It strikes me that property tax has been lowered pretty much all across the country because taxpayers have had to reach into their own pockets at tax time and pay that property tax. The result has been outrage by a lot of taxpayers the way property tax went up, and so it was reduced.

What do my colleagues think would happen if individuals, if there was not payroll deductions and individuals had to reach in their pocket April 15, and people are filling out their taxes now,

if they had to go into their pocket and pay all of the Federal income tax? They would raise holy heck, I guaranty my colleagues. But I just urge that taxpayers start looking at their W-2 forms, looking at the amount that is deducted from their paychecks on a weekly, biweekly, monthly basis that is coming to this Chamber, to the Federal Government, so other people can decide how to generously spend their money.

Mr. SANFORD. And I would just ask the gentleman to yield for just two more seconds worth of time to say, and I think the gentleman's expression was to raise holy heck, or something along those lines, in terms of voter outrage. I would just ask folks to do that with regard to this simple idea of a personal lockbox.

To the gentleman's credit, he is a cosponsor on this bill, and I have not talked to the gentleman from Georgia yet about the bill, but I would suggest to taxpayers that they ask their representative to sign onto this bill, because I think it is a very modest first step not towards saving Social Security but towards saving the Social Security surplus, which I think again is a first step in that direction.

□ 1745

Mr. SMITH of Michigan. Mr. Speaker, there is \$153 billion extra coming in this year for the Social Security surplus, and anybody that is nervous about government spending, and I refer to this chart, what we came up with is saving 100 percent of the Social Security surplus; but what the President sent us on a budget is only saving 62 percent of the Social Security surplus.

There is the long arm of the taxers and spenders that would like to come up with more programs, doing more good things for people. I think anybody that thinks that this Chamber is going to be more frugal as they need to be with your tax dollars is mistaken. We have to find some way to lock it aside; and not spending the Social Security trust fund is a good start.

I yield to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, if the gentleman will yield, I wanted to ask the gentleman from South Carolina (Mr. SANFORD), just to kind of reiterate, as I understand it, what the gentleman is saying. We have this big Social Security trust fund, right, kind of a general pot of money. Now, in the private sector, you really do not combine all the retirement plans into one jumbo plan, I have my account, the gentleman from South Carolina (Mr. SANFORD) has his and the gentleman from Michigan (Mr. SMITH) has his, and what the gentleman is saying is let us have it both ways, let us have the big account roped off so we cannot get to it, any future Congress cannot touch it; but, in addition, for the individual taxpayer, myself, the gentleman from South Carolina (Mr. SANFORD) and the gentleman from Michigan (Mr. SMITH)

and our loved ones and our grandparents, you would have, like you would in a private pension fund, your own account, and that money could not be dipped into either.

So what the gentleman is suggesting is not only a vault for the big account, but then a bunch of individual vaults with individual keys, so it would be that much harder for Congress to irresponsibly break into this big vault of money and start spending it on roads and bridges and other needs.

Mr. SANFORD. Mr. Speaker, the gentleman from Georgia (Mr. KINGSTON) is right. To the Republican Caucus' credit, they created a lock with one big vault; the problem is, if you happened to find the key, you can get into it. And as the gentleman correctly pointed out, if you got this into 70 million different vaults, you may find one key, but you are not finding all 70 million keys.

And the gentleman raised another interesting point, which is, in the corporate world, if we did what we are doing at the Federal Government, and not the three of us, but what the Congress as an institution, what the Federal Government overall is doing, you go to jail based on Federal law, and, that is, via the unified credit, we borrow from our retirement reserves to pay for the current operations of government. If you borrowed from your retirement reserves in the corporate world to pay for the current operations of the company, you go to jail based on Federal law.

Mr. KINGSTON. Mr. Speaker, if the gentleman will yield, under this system, would I get a monthly or an annual statement that shows how much I have in my own retirement account? Then let us say mine says I have \$38,028 in mine. If the government raided that account, would my next statement show that my \$38,000 had fallen to 35,000?

Mr. SANFORD. Mr. Speaker, yes, that is one of the important points about a personal account which the bill of the gentleman from Michigan (Mr. SMITH) does, again, which is actually reforming Social Security which is what has to happen in the long run. This very modest step, you never have \$8,000, because it only deals with the Social Security surplus; but what it would show is the point that you raise, which is, right now one of the reasons it is so easy for government to borrow Social Security money is that nobody has any clue as to what they sent in over all the years they have been working in Social Security taxes, and, as a result, if you do not even know how much you have got in your account town, it is very easy to borrow.

If, instead, you knew to the penny how much was in your account, immediately you would detect borrowing and, again, help to create some kind of political firewall between political forces in D.C. and this money.

Mr. SMITH of Michigan. Mr. Speaker, I say to the gentleman from South

Carolina (Mr. SANFORD), I think what is another positive of this approach or an approach to start some kind of a pilot program that I am introducing is to get our foot in the door, to give some possession of that Social Security money that is being paid in back to the taxpayers, the workers of America that are paying it in.

Let me just reinforce the positive aspects of the gentleman's proposal, my proposal, referring to what a couple of the Supreme Court decisions have been. Two Supreme Court decisions have now said there is no connection, there is no entitlement to anybody receiving a Social Security benefit. The taxes that are paid in, the Supreme Court said, are simply another tax; the benefits from Social Security are simply another program that Congress and the President have decided on, so there is no right to Social Security benefits.

It seems to me like Americans should be saying in this election to their candidates that are running for Congress, to the presidential candidates, look, what are you going to do about Social Security? I do not want just words that say, boy, Social Security is important; we have to put it at the top of our list. How are you going to keep Social Security solvent? How are you going to make sure that future Congresses, when they start running short of money, are not going to again reduce benefits and increase taxes like they did in 1977, like they did again in 1993?

Mr. SANFORD. Mr. Speaker, the gentleman raises a very interesting point, and, that is, the thing to remember about what we are talking about here is that last year about \$400 billion in Social Security taxes came to Washington, about \$300 billion we were required to pay for current retirees, my grandmother, maybe the gentleman's mother, I mean different folks out there. And about the other \$100 billion is what is called the Social Security surplus, and all this particular bill gets at is that \$100 billion, rather than being borrowed by the rest of government, it would go into these personal accounts; but what we are not talking about is that other \$300 billion that currently goes to pay for retirees across America.

Mr. SMITH of Michigan. Mr. Speaker, as we start wrapping up this 1-hour session, the gentleman from Georgia (Mr. KINGSTON) is the chairman of our communications effort in the Republicans in Congress, and I think that is so important, because generally Republicans have been very good on policy. I think our marketing has been a little weak. We look to the gentleman for guidance on that marketing.

I yield to the gentleman from Georgia.

Mr. KINGSTON. Mr. Speaker, unfortunately, one of the gentleman's biggest problems is that the communications channel, i.e. the major networks are not going to give Republicans a fair shake.



Last week, as the gentleman knows, we had Bob Dole who spoke to our communications group, and he said that 68 percent of the single candidate coverage in his presidential bid that was only on Bob Dole was negative, but 67 percent of the only Bill Clinton news was positive.

Now, one just cannot go up against those odds. The other day, AL GORE, here is a guy that invented the Internet; here is a guy who goes to the Buddhist temple, comes back, shakes downs these Buddhist monks, sworn to poverty, for \$300,000, does not recognize it as a fund-raiser, and says he is one of the more intelligent of the presidential candidates. He said the population of America is 250 million people; therefore, we need sampling for Census as a way, instead of head-by-head count, he wants to guess at it.

Well, the interesting thing is he said it was 250 million people. The population of America is 274 million. He was 24 million people off.

Now, if Dan Quayle had said that, we would bet that the national media would have had a heyday. But since it was AL GORE, one of their own, they were not going to worry about it.

So a lot of the problems that we are up against is we cannot get our message out when we have an unwilling messenger, and that bias of the major networks or some of the newspapers is that way.

That is why I get down on my knees and thank the Lord for C-SPAN because people can hear things; and if they do not like me for my own merits, which I am sure many do not, that is fine; but at least they do not have to have Dan Rather interpret it for them.

Mr. SMITH of Michigan. Mr. Speaker, reclaiming my time, I think probably one thing that disturbs a lot of Americans that observe this Chamber is the partisanship between one side of the aisle and the other. Somehow we have got to figure out a way to reduce that partisanship. Somehow we have got to find a way to communicate the whole truth, and nothing but the truth, to the American people.

I think information technology, I think the Internet, I think some of the talk shows are going to be the way that we are able to communicate exact information. But if we are going to solve some of the tough problems, there is no question that Republicans and Democrats and the President, whichever side of the political fence he might be on, are going to have to work together to solve the tough problems of Social Security and Medicare.

Mr. SANFORD. Mr. Speaker, if the gentleman will continue to yield, I would just say, following up on the need to be bipartisan, if there is ever a need that we need to move off dead center on, it is this one.

It is interesting, there was a report this week that basically looked at the insolvency date, if you will, of Social Security. And what the report showed was that the actual insolvency for the

"fund" was, moved back from about 2034 or so to 2037, something along those lines, but moved back a couple years. People say, that is way down the road. I do not need to think about it.

The more interesting number is, when does Social Security begin to run shortfalls? In other words, when is more money going out of the system than is coming in? And that number was moved from about 2012 to about 2015 in what they call the intermediate set of assumptions. And if we look at a worst-case scenario, it is about 2008 or so, which is only 8 years away.

This is an issue that we have got to deal with now. And I think that some in the administration are saying hear no evil, see no evil, speak no evil; and some in my own party are saying that, as well. It is something we can worry about later on.

It is so long to look at that 2030-something number, and here is why. If we would imagine a family that lived in Michigan or lived in South Carolina or lived in Georgia that saved \$100 a month every month towards their retirement, clearly, at the end of the year, they would have \$1,200 in their retirement account.

Now, this family also loved to take a cruise every year. So they would go over to their retirement account jar, they would take the \$1,200 of real cash out, they would write themselves an IOU, put back the IOU in the jar, saying, we owe our retirement account \$1,200.

At the end of 40 years, that family would have some wonderful memories in terms of great cruises that they took. But in terms of retirement security, they would not have a whole heck of a lot because they would have a jar filled with IOUs. And in retirement, they cannot spend IOUs. If they go down to the drugstore or the grocery store, they will not take an IOU. They want cold hard cash.

So what we have to look at is, the way our present system is configured with this odd notion of a trust fund, we are really misleading the American public because that money is borrowed; it is spent by the rest of government; and all we have in its place is this IOU.

We cannot spend money twice. We may try to in Washington, but gravity dictates that we cannot. So it is important that we not get lulled into complacency thinking about 2030-something and look at how immediate this problem is. That is why I again would commend the gentleman for what he has done on this subject.

Mr. SMITH of Michigan. Mr. Speaker, maybe we have made a significant difference in our yelling and screaming and getting on our soapbox and saying we have got to be fiscally responsible, because even now the Democrats are saying we should not spend the Social Security surplus, a huge change from where we have been for the last 40 years.

I know the gentleman from South Carolina (Mr. SANFORD) is keeping his

commitment to have a citizen legislator on his term limits that he has imposed on himself and is leaving after this term. It would be so good if we can, at least, move a little bit in the direction of accountability and having some kind of personal accounts.

I chaired the Social Security Task Force, bipartisan. It is interesting that we agreed on 18 findings. I think we are coming closer. I think the Chamber is realizing more and more, simply because the people of America are insisting that we face up to some of the tough problems, that we get rid of the partisan bickering, and that we deal with the problems of Social Security, Medicare, and education.

We have decided in this budget that education is going to be one of our top priorities. We have increased the money for IDEA and other education provisions. Because, look, the problems we are running into Social Security and Medicare, if we do not have a top-notch educated workforce in this country, then we are going to lose out to other countries of the world.

Mr. Speaker, I would ask the gentleman from Georgia (Mr. KINGSTON) if he would like to make a final statement.

Mr. KINGSTON. Mr. Speaker, let me encourage both of my colleagues to keep up the good work on Social Security. But, also, let us continue to ferret out the waste and fraud in government and try to do a better job for the hard-working American people. Put common sense in the process.

□ 1800

#### EDUCATION

The SPEAKER pro tempore (Mr. SIMPSON). Under the Speaker's announced policy of January 6, 1999, the gentleman from North Carolina (Mr. ETHERIDGE) is recognized for 60 minutes as the designee of the minority leader.

Mr. ETHERIDGE. Mr. Speaker, I rise today to speak about one of the most critical issues facing our Nation today, and, that is, the education of our children. As a former superintendent of my State's schools for 8 years in North Carolina, I know firsthand how important it is and I know about many of the amazing stories, wonderful stories that have occurred and are occurring every single day in our public schools. Too many times we hear about the problems, and we do not hear about the successes. We tend to want to talk about those problems and not acknowledge that the majority of our children are good youngsters, they do a good job, they work hard, our teachers are working hard and they deeply care about the young people they work with. Just this past weekend, I had the opportunity to be with almost 100 of them in a group in North Carolina, and I will talk about that again in just a few minutes. But I would say to my colleagues that if America is going to